

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on policies and practices for advanced metering, demand response, and dynamic pricing.

Rulemaking 02-06-001

**ADMINISTRATIVE LAW JUDGE'S RULING ON MOTION  
OF REALENERGY, INC. TO INTERVENE AS INTERESTED PARTY**

**I. Summary**

This ruling grants the motion of RealEnergy, Inc. (RealEnergy) to intervene as an interested party in this demand response rulemaking. RealEnergy may participate in this proceeding as a party to the limited degree specified in this ruling.

**II. Procedural Background**

RealEnergy, a provider of small-scale distributed generation (DG) projects, has filed its motion to intervene as an interested party in this proceeding, believing that there are opportunities in Phase 1 (in all working groups) to consider the demand response role of distributed energy resources. Real Energy is involved in transactions for small energy production facilities at customer locations for on-site generation. It claims that in most of these transactions, the installation of on-site generation does not replace utility services entirely. Thus, RealEnergy argues these are demand reduction measures whose demand response role should be considered in this rulemaking (RealEnergy Motion, p. 1).

Southern California Edison Company (“SCE”) opposes this intervention motion, arguing in its formal response that issues related to the benefits of distributed generation are outside the scope of this rulemaking and have already been reviewed exhaustively in Rulemaking (R.) 99-10-025. SCE argues that DG does not generally reduce demand, but rather is a supply-side resource whereby a customer utilizing DG substitutes utility-supplied electricity with DG produced electricity for the same demand. SCE states that in most instances the DG customer substitutes all or a portion of utility-provided electricity with electricity generated on-site, without changing its usage pattern or overall demand for electricity. Thus, DG is not about shifting customer demand in response to price signals, but more about replacing the source of power for a customer’s regular usage. It believes such supply-side issues are outside the scope of this proceeding. (SCE Response, p. 2.)

Pursuant to Rule 45(g) of the Commission’s Rules of Practice and Procedure (Rules”), RealEnergy requested and received permission to file a reply to SCE’s response. In its reply, RealEnergy disavows any intention to broaden the scope of this proceeding, indicating that it will provide input as appropriate with respect to the demand response role distributed generation might play both in terms of pricing and resource planning. The pleading cycle is now closed.

### **III. Discussion**

We do not intend to sidetrack this proceeding, or broaden it, in order to explore DG issues in general terms. As SCE points out, DG is just one of many options that affect overall supply and demand issues facing California. Demand responsiveness to price signals is yet another option, and is indeed the focus of this proceeding. To the extent that coordination of proceedings or interrelated issues in various proceedings (including those involving DG) is required, that

coordination can be accomplished without bringing DG issues, or resource planning-related DG issues, explicitly into this rulemaking.

However, as we develop tariffs and design programs in this rulemaking to test demand responsiveness to price signals, there may be some limited opportunity for representatives of the distributed energy resources industry to provide input relative to rate and infrastructure issues under consideration. This limited opportunity may arise in the context of on-site generation which does not entirely replace utility services, and where customers with on-site generation continue to take service under utility tariffs, including Time of Use or other dynamic pricing rates. RealEnergy, which has disavowed the intention of broadening R.02-06-001 in any manner, may participate as a party for the limited purpose of addressing how DG customers' energy demands respond to tariff and pricing programs under consideration in the proceeding.

**IT IS RULED** that the motion of RealEnergy, Inc. to intervene in R.02-06-001 as an interested party is granted, to the limited extent that it may address demand response tariff and pricing issues in the context of distributed generation customers with on-site generation who continue to take service under utility tariffs, including Time of Use or other dynamic pricing rates. Except as so limited, the request to intervene is denied.

Dated October 29, 2002, at San Francisco, California.

/s/ LYNN T. CAREW

Lynn T. Carew  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by U.S. mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling on Motion of RealEnergy, Inc. to Intervene as Interested Party on all parties of record in this proceeding or their attorneys of record.

Dated October 29, 2002, at San Francisco, California.

/s/ JANET V. ALVIAR

Janet V. Alviar

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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